

ORIGINAL



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RESIDENTIAL UTILITY CONSUMER OFFICE

1110 WEST WASHINGTON STREET • SUITE 220 • PHOENIX, ARIZONA 85007 • (602) 364-4835 • FAX: (602) 364-4846

Janet Napolitano
Governor

Stephen Ahearn
Director

March 8, 2006

Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Response To Your Letter Dated February 9, 2006
ACC Docket No. E-01345A-06-0009

RECEIVED
2006 MAR -8 A 8:26
AZ CORP COMMISSION
DOCUMENT CONTROL

Dear Commissioner Mayes:

In response to your letter of February 9, 2006, the Residential Utility Consumer Office ("RUCO") is providing its estimates of the impact of APS's proposed emergency rate increase on the average customer's bill. The attached schedule demonstrates the impacts of the proposed emergency rate increase, and other increases you referenced, for the average residential customer, using a consumption level from APS's amended rate case filing. With respect to future rate increases, the schedule reflects the impact of the entire requested amount being granted. Of course, RUCO reserves the right to take positions on the appropriateness of those requests in the relevant proceedings.

In summary, the attached schedule shows the following impacts:

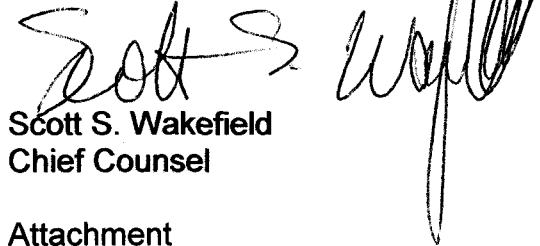
| | <u>Summer</u> | <u>Winter</u> |
|--|------------------|------------------|
| Emergency increase over current rates | \$15.91 (10.40%) | \$10.04 (12.83%) |
| Total increases during 2005 through pending rate case | \$55.51 (42.59%) | \$15.15 (19.86%) |

Our witness at the March 20th hearing, Marylee Diaz Cortez, will be able to answer any questions you have about the attached schedule. RUCO intends to address the matter you raised regarding the legal standard required for emergency relief in its argument or brief at the conclusion of the hearing.

Commissioner Kristin K. Mayes
Arizona Corporation Commission
March 8, 2006
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Please let us know if there is further information you desire on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott S. Wakefield", with a long, vertical flourish extending downwards from the end of the signature.

Scott S. Wakefield
Chief Counsel

Attachment

cc: Chairman Hatch-Miller
Commissioner Mundell
Commissioner Spitzer
Commissioner Gleason
Docket
Parties to Docket

RATE IMPACT OF APS RATE REQUESTS
IN RESPONSE TO COMMISSIONER MAYE'S FEBRUARY 9, 2006 LETTER
SUBMITTED BY RUCO

| LINE NO. | DESCRIPTION | SUMMER AVERAGE USAGE | INCREMENTAL % INCREASE | INCREMENTAL \$ INCREASE | WINTER AVERAGE USAGE | INCREMENTAL % INCREASE | INCREMENTAL \$ INCREASE |
|-------------------|---------------------------------------|----------------------|------------------------|-------------------------|----------------------|------------------------|-------------------------|
| PREVIOUS: | | | | | | | |
| 1 | BILL PRE-2005 RATE INCREASE | \$130.33 | | | \$76.25 | | |
| CURRENT: | | | | | | | |
| 2 | AVERAGE USAGE | 1425 | | | 899 | | |
| 3 | BILL WITH 2005 RATE INCREASE | \$147.20 | 12.94% | \$16.87 | \$74.61 | -2.16% | (\$1.64) |
| 4 | BILL WITH FEB 2006 ADJUSTOR | \$152.90 | 3.87% | \$5.70 | \$78.21 | 4.82% | \$3.60 |
| REQUESTED: | | | | | | | |
| 5 | BILL WITH EMERGENCY 14% | \$168.80 | 10.40% | \$15.90 | \$88.24 | 12.83% | \$10.03 |
| 6 | BILL WITH SURCHARGE STEP 1 | \$169.59 | 0.47% | \$0.79 | \$88.74 | 0.56% | \$0.50 |
| 7 | BILL WITH SURCHARGE STEP 2 | \$171.89 | 1.83% | \$2.30 | \$90.19 | 2.21% | \$1.45 |
| 8 | BILL WITH 2007 RATE CASE INCREASE | \$185.84 (a) | 8.12% | \$13.95 | \$91.40 (a) | 1.34% | \$1.21 |
| 9 | TOTAL INCREASE (LINE 8-LINE 1/LINE1) | | 42.59% | | 19.86% | | |
| 10 | TOTAL INCREASE (LINE 8-LINE 3/LINE 3) | | 26.25% | | 22.50% | | |

NOTE (a)

1) ASSUMES THAT PREVIOUS ADJUSTOR AND SURCHARGES REMAIN IN EFFECT

DATA INPUTS:

| | CURRENT RATES | PROPOSED RATES |
|------------------------|---------------|----------------|
| MONTHLY SERVICE CHARGE | 7.59 | 7.59 |
| SUMMER - 1ST 400 | 0.0757 | 0.08864 |
| 2ND 400 | 0.10556 | 0.12609 |
| OVER 800 | 0.12314 | 0.14949 |
| WINTER - ALL USAGE | 0.07361 | 0.08612 |
| CRCO SURCHARGE | 0.000338 | 0.000338 |
| PSA ADJUSTOR (FEB 06) | 0.004 | 0.004 |
| EPS SURCHARGE @CURRENT | 0.35 | 0.35 |
| DSM SURCHARGE | 0.0002121 | 0.0002121 |